

**Draft**



**Finance Committee  
Regular Meeting  
Summary Minutes**

**March 20, 2008  
ABAG Conference Room B  
101 Eighth Street, Oakland, CA**

**Presiding:**

Jim Steele, Chairman, via teleconference

**Jurisdiction:**

So. San Francisco

**Committee Members Present:**

Emma Karlen, via teleconference  
Jim O'Leary  
Jesus Nava  
Jesse Takahashi

Milpitas  
San Bruno  
Burlingame  
Campbell

**Staff Present – ABAG PLAN Corporation:**

Marcus Beverly, Risk Manager  
Joseph Chan, Chief Financial Officer  
Gertruda Luermann, Risk Management Analyst

**1. Call To Order**

Meeting was called to order at 10:05 a.m. by Jim Steele.

**2. Public Comments**

There were no public comments.

**3. Approval of Minutes, March 14, 2007**

Committee approved minutes as presented.  
/M/O'Leary/S/Karlen/C/approved roll call vote

**4. Approval of Audited Financial Reports For Year Ended June 30, 2007:**

Joseph Chan presented a brief memo and summarized the audited financial report for fiscal year ended June 30, 2007. The auditor issued an unqualified opinion that the financial statements presented fairly the financial position of PLAN. The Committee was also provided the auditor's management letter, stating no material weaknesses were found in PLAN's internal control structure.

The committee members and staff reviewed a number of items contained in the financial statements, with Jesus Nava requesting more detail regarding how the financial results tie in to our funding goals and policies. Beverly explained the Actuary Committee is guided by a Funding Policy approved by the Board, with a goal of maintaining at least a 90% confidence level to cover outstanding liabilities and additional net assets devoted to maintaining stable premiums and funding a higher pool retention if the insurance market hardens. Staff will provide this additional context for future financial audit reports, as well as more context as to how the most recent results compare to the previous year and pool averages.

After discussion a motion was made to accept the audited financial reports for FY ending June 30, 2007, as presented. /M/Nava/S/O'Leary/C/approved roll call vote, with Karlen absent for vote.

#### **5. Investment Performance Report:**

Chan presented and summarized:

- a) Financial Report and Investment Performance Report as of December 31, 2007.  
Overall, PLAN's financial position and investment performance are within expectations at December 31, 2007. The only exception is the average duration of the portfolio at 1.30 years, below our target range of 1.96 to 2.65 years. This is due to the yield for longer term securities continuing to not be worth the additional risk compared to shorter term securities.
- b) Investment strategies for FY 08-09  
A number of securities were recently called and re-invested at @ 4.5%. We will continue to look for opportunities to lock in a yield above our benchmark, most likely in the 2-3 year range, while we wait for the yields on longer terms to increase.
- c) Recommended Investment Policy Changes  
No recommended changes at this time.

After discussion, a motion was made to accept the Investment Performance Report as presented. /M/Nava/S/O'Leary/C/approved roll call vote, with Karlen present.

#### **6. Other Business:**

None

#### **7. Adjournment** - meeting was adjourned at 11:10 a.m.

Respectfully Submitted,



Marcus Beverly,  
Risk Manager & Secretary  
ABAG PLAN Corporation